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Proposed Attorneys for Debtors and Debtors in
Possession, SCOOBEEZ, SCOOBEEZ GLOBAL,
INC., and SCOOBUR, LLC

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

IN RE:

SCOOBEEZ, ET AL.

DEBTORS AND DEBTORS IN POSSESSION.

AFFECTS:

- ☒ ALL DEBTORS
- ☐ SCOOBEEZ, ONLY
- ☐ SCOOBEEZ GLOBAL, INC., ONLY
- ☐ SCOOBUR LLC, ONLY

Case No. 2:19-bk-14989-WB
Jointly Administered:
2:19-bk-14991-WB; 2:19-bk-14997-WB

CHAPTER 11

**DECLARATION OF GEORGE VOSKANIAN
IN SUPPORT OF THE DEBTORS'
APPLICATION FOR AN ORDER
AUTHORIZING AND APPROVING THE (I)
APPOINTING BRIAN WEISS AS CHIEF
RESTRUCTURING OFFICER OF THE
DEBTORS *NUNC PRO TUNC* TO MAY 16,
2019**

JUDGE: HON. JULIA BRAND

1 I, George Voskanian, hereby declare:

2 1. I am an individual over 18 years of age. I have personal knowledge of the facts stated herein as
3 more fully set forth below or have gained such knowledge by review of the file and if called as a
4 witness, I could and would competently testify thereto.

5 2. I make this Declaration (i) in support of the application (the "Application")¹ filed by Scoobeez,
6 Scoobeez Global, Inc., and Scoobur, LLC (collectively the "Debtors") for entry of an order, pursuant to
7 sections 105(a) and 363(b) of the Bankruptcy Code, authorizing the Employment and Retention of Brian
8 Weiss as Chief Restructuring Officer of the Debtors *Nunc Pro Tunc* to May 16, 2019 and (ii) to address
9 certain concerns raised in the Objection to Application for an Order Authorizing and Approving
10 Appointment of Brian Weiss as Chief Restructuring Officer of the Debtors *Nunc Pro Tunc* to May 16,
11 2019 (the "UST Opposition") filed by the United States Trustee (the "UST"). All facts in this
12 Declaration are based on my personal knowledge, information gathered from my review of relevant
13 documents, and information supplied to me by the Debtors or their professionals.

14 3. I am the Chief Financial Officer ("CFO") and Co-Chief Executive Officer ("Co-CEO") for the
15 Debtors, and, in those capacities, among other, maintain books, records, files and documents relating to
16 the Debtors. As such, I am generally responsible for managing the operations of the Debtors and, thus,
17 am familiar with the Debtors' operations, assets, and liabilities. In the ordinary course of business, I rely
18 on the maintenance of true and correct copies of various documents relating to the Debtors. I have
19 personally worked on books, records, files and documents, and as to the following facts, I know them to
20 be true of my own knowledge or I have gained knowledge of them from my business records, which
21 were made at or about the time of the events recorded, and which are maintained in the ordinary course
22 of the Debtors' business at or near the time of the acts, conditions or events to which they related.
23 Additionally, as the CFO/Co-CEO, I have been involved in discussions and planning sessions related to
24 the potential reorganization options and, thus, am familiar with the objectives the Debtors intend to
25 achieve through the Bankruptcy Cases.

26 4. In the UST Opposition, the UST expresses concerns with respect to the following issues: (a) the
27 _____

28 ¹ Capitalized terms not defined herein have the terms ascribed to them in the Application.

1 proposed CRO – Mr. Weiss - reporting to the board of directors of Scoobeez, which only has one
2 member – Mr. Ohanessian; (ii) Mr. Weiss reporting to Mr. Sheikh and me; (iii) my involvement with
3 forming an entity named Scoobeez Deliveries, Inc. (“Scoobeez Deliveries”); and (iv) my roles at a
4 company named Serve. I address those issues below. In addition, below I address the impact that I
5 believe the appointment of a chapter 11 trustee would have on the Debtors’ business.

6 5. Corporate Governance. Regarding corporate governance issues, I can represent as follows:
7 *First*, neither I nor Mr. Sheikh have any objection to completely independent boards being put in place
8 for the Debtors, and I understand the implementation of completely independent boards for Scoobeez
9 Global, Inc. and Scoobeez is in process. I believe that this should address the UST’s concern that Mr.
10 Weiss – if appointed - would report to a board that itself has conflicts with the Debtors’ estates. *Second*,
11 Mr. Sheikh and I have no objection to reporting to Mr. Weiss, and in fact intend to do so. I have met
12 with Mr. Weiss and have started to educate him about the Debtors’ business. I believe that Mr. Weiss,
13 Mr. Sheikh and I will have a cooperative relationship that will benefit the Debtors’ estates.

14 6. Scoobeez Deliveries. I established Scoobeez Deliveries. It was not established for any nefarious
15 purpose. Rather, I established Scoobeez Deliveries to shop for workers compensation insurance.
16 Workers compensation is required by law in each state we operate in. Finding good rates can make the
17 difference between profitability or going out of business. When using the experience modifier we
18 inherited from our former Professional Employer Organization’s mismanagement of the Scoobeez
19 workers compensation claims, we were receiving a limited number of quotes, most of which were not
20 financially sustainable. The sole purpose of setting up Scoobeez Deliveries was to expand the search to
21 all markets, large or small, to make sure we had the best deal. The entity was simply setup and left
22 alone. Scoobeez Deliveries has not opened any bank accounts, paid any fees, or entered into any
23 transactions with any related or unrelated parties, including the Debtors. In particular, the Debtors’
24 estates do not hold any fraudulent transfer claims against Scoobeez Deliveries or successor liability or
25 mere continuation claims against Deliveries. In fact, Scoobeez Deliveries has never had any revenue or
26 expenses. Finally, the Debtors do not own Scoobeez Deliveries and it can be wound up without any
27 effect whatsoever on the Debtors.

28 7. Serve. I serve as the Chief Financial Officer of a business known as “Serve”. Serve is a startup

1 and does not have any significant revenue or operations. The Debtors' use of cash collateral will not
2 benefit Serve. Nor does Serve compete with any of the Debtors. Further, while Serve and the Debtors
3 do have overlapping management, the Debtors do not own Serve. Serve is currently in its infancy, and
4 may not be a viable project.

5 8. Appointment of Chapter 11 Trustee. Since I was appointed CFO of the Debtors, I have worked
6 tirelessly to turn the Debtors into a profitable enterprise and have been successful. I believe that my
7 efforts and the efforts of the Debtors' other management and employees have been and are paying off.
8 We have turned the company from \$12M losses in FY 2017 to a positive \$1M gain in FY 2018 (after
9 backing out non-operating interest expenses that are not recurring). The company has negotiated and
10 successfully made better deals on large and small contracts resulting in a \$1M a month net positive cash
11 flow effect. The relationships were paramount in achieving such contracts and maintaining them in the
12 future. This has enabled the Debtors meet operational obligations. The health of the Debtors is on track
13 to improve further as the debt is streamlined and discretionary spending is brought under control in the
14 aftermath of management overhaul. All debts can be serviced now and into the future due to the drastic
15 improvements made in the last 18 months. We have made changes to the organizational structure,
16 creating streamlined flow of information to cut down on duplication of work, diminishing of politics,
17 incentivized employees to focus on productivity and results, taking better care of rented vans, which
18 result in lower rental costs, created organizational clarity for employees to have a better vision and focus
19 on upward mobility. We also trained local hub leaders to focus on hub Profit and Losses and take
20 ownership of their assignments, which empowered them, while enabling them to take charge and make a
21 difference that is rewarded. Lastly, all departments were siloed for better flow of information exchange,
22 accountability throughout the organization and better performance, which coupled with all the other
23 changes aforementioned have resulted in a miracle turnaround in just 18 months, setting us up for a
24 successful and profitable future.

25 9. I believe that the appointment of a chapter 11 trustee would be extremely harmful to the Debtors.
26 In particular, the appointment of a chapter 11 trustee could jeopardize important relationships between
27 the Debtors and their customers, particularly, Amazon, the Debtors' largest customer. Most, if not all,
28 renegotiated contracts arose out of prior relationships with me. Much goodwill was used to better the

1 terms and all contracts either are on a month to month or expiring in less than a year. Given the thin
2 margins of the business, any adverse effect to these contracts could result in negative cash flow. Further,
3 understanding the nuances and intricacies of running a 650-plus person operation and how the workflow
4 is managed takes a very long time. It only takes a few small errors to negatively impact payroll, opening
5 the door to departure of drivers, claims against the Debtors and loss of delivery routes, which can easily
6 be allocated to our competitors. Daily care and attention to small detail is what keeps this business
7 operating and even a small error can cascade into something significant, affecting over 650 families and
8 their well-being. With that said, I do believe that the appointment of Mr. Weiss as CRO would be
9 beneficial to the Debtors because, among other reasons, he will serve as a trusted, independent third
10 party manager of the Debtors upon whom the Court, creditors and other parties in interest can rely for
11 accurate and timely information.

12 I declare under penalty of perjury that the foregoing is true and correct. Executed this 28th day of
13 May, 2019.

14 _____
George Voskanian



PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
Foley & Lardner LLP, 555 South Flower Street, Suite 3300, Los Angeles, CA 90072-2411

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF GEORGE VOSKANIAN IN SUPPORT OF THE DEBTORS' APPLICATION FOR AN ORDER AUTHORIZING AND APPROVING THE (I) APPOINTING BRIAN WEISS AS CHIEF RESTRUCTURING OFFICER OF THE DEBTORS NUNC PRO TUNC TO MAY 16, 2019** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 05/28/2019, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:
John-Patrick M Fritz jpf@lnbyb.com, JPF.LNBYB@ecf.inforuptcy.com
Alvin Mar alvin.mar@usdoj.gov
Ashley M McDow amcdow@foley.com,
sgaeta@foley.com;mhebbeln@foley.com;swilson@foley.com;jsimon@foley.com
Rejoy Nalkara rejoy.nalkara@americaninfosource.com
Anthony J Napolitano anapolitano@buchalter.com, IFS_filing@buchalter.com;salarcon@buchalter.com
David L. Neale dln@lnbyb.com
Gregory M Salvato gsalvato@salvatolawoffices.com,
calendar@salvatolawoffices.com;jboufadel@salvatolawoffices.com;gsalvato@ecf.inforuptcy.com
Steven M Spector sspector@buchalter.com, IFS_efiling@buchalter.com;salarcon@buchalter.com
United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) 05/28/2019, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Julia W. Brand
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1382
Los Angeles, CA 90012

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

05/28/2019

Sonia Gaeta

/s/ Sonia Gaeta

Date

Printed Name

Signature